2001 ANNUAL REPORT

SGGF V

Creating economic wealth and diversification through investment of immigrant investor capital in Saskatchewan.

SASKATCHEWAN GOVERNMENT
GROWTH FUND V (1997) LTD.

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Pelorus Navigation Systems Inc.

Cover Photo Credit: Tourism Saskatchewan/Brian Wolitski

Major flyways converge over Saskatchewan, creating one of the continent's greatest migratory gatherings. Here you will see ducks, geese, shorebirds and cranes arrive by the hundreds of thousands. And, you'll also see rare birds, including the jewel of the migrant bird shown here, the whooping crane. Last Mountain Lake and other bodies of water in south-central Saskatchewan are regular stops for the whooping crane during its 4,000 kilometre journey. The Canadian Wildlife Service in Saskatoon has information on all sightings in the province.

102-05139/

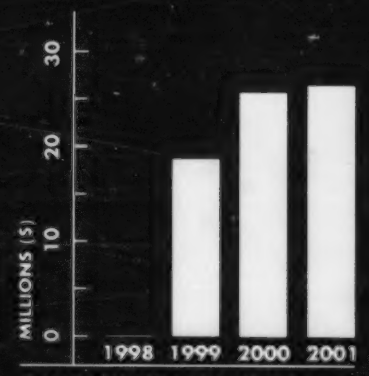
FUND PROFILE

Saskatchewan Government Growth Fund V (1997) Ltd. ("SGGF V") is a government-administered venture capital fund pursuant to the Immigration Regulations, 1978 (Canada), as amended. It was formed to enable immigrant investors to invest in businesses operating in Saskatchewan and facilitate the investors' qualification as Canadian permanent residents under the Immigrant Investor Program.

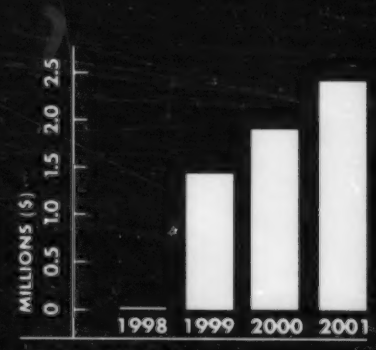
FINANCIAL RESULTS

SGGF V ended the year with an accumulated surplus of $654,000, a decrease of $600,000 from 2000 levels. The decrease was due to provisions for investment losses and additional payments made to investors to compensate them for the extension of the maturity dates of their notes.

- A total of $1.5 million was invested in two eligible businesses during the year.
- Income from investments was $1.9 million, an increase of $1 million from 2000.
- Since inception, over $20.3 million of investment has been made in nine eligible businesses. Of this, $7.4 million has been invested in small and medium-sized enterprises and $12.9 million in low-risk infrastructure loans.
- Notes issued total 106, with 5 subscribers awaiting note issuance and an additional 11 subscribers yet to complete their subscription requirements.
- To date, SGGF V has raised $28.1 million from 122 investors.



OBLIGATIONS TO INVESTORS



TOTAL REVENUE

BOARD OF DIRECTORS AND OFFICERS

Gary Benson
President

Wilson Olive
Chair

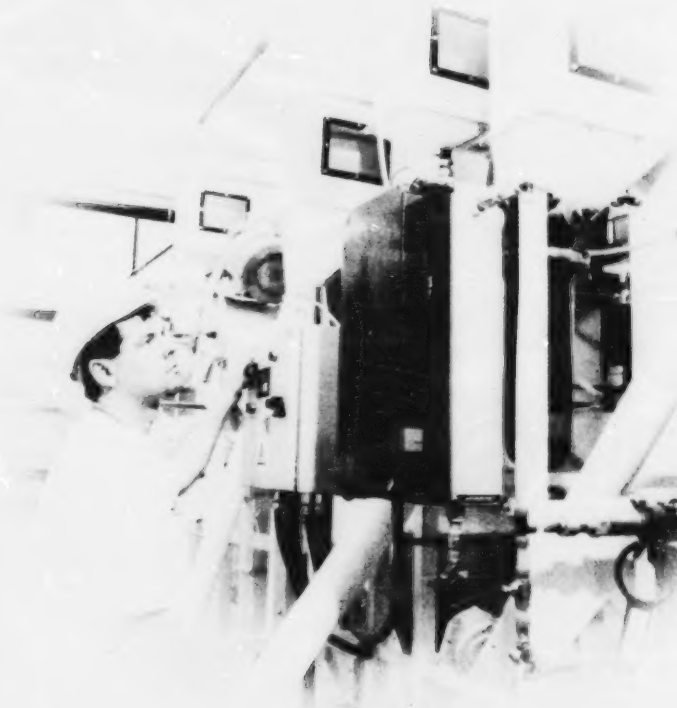
Darrel Cunningham
Director

Joanne Forer
Director

Gordon Mertler
Director

Keith Rissling
Director

Grant Scharfstein
Director



FarmGro Organic Foods Inc.

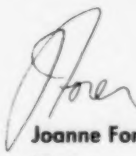
MESSAGE TO INVESTORS

The funding lag that the Saskatchewan Government Growth Fund V Ltd. ("SGGF V" or the "Fund") had at the beginning of the year became larger with the premature repayment, at the end of the year, of a $9 million infrastructure loan. This means that under the Immigrant investor Program, the maturity date of a number of Notes must be extended until additional eligible investments are made to replace this loan. The Fund is very concerned with this development and is making every effort to seek out replacement investments.

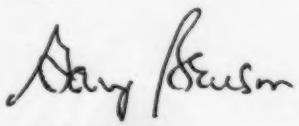
SGGF V suffered a $603,000 loss in 2001. This resulted from a write-off of its investment in Peragis. In January 2001, the CDNX issued a "cease trade" order for this company, which effectively meant the shares held by SGGF V were worth nothing. In spite of this the Fund still had a surplus at the end of the year of $655,000.

In addition to actively seeking new investment opportunities, in 2002 the Fund will be closely monitoring its existing investments and assisting investee companies wherever possible.

Throughout 2001, the Board of Directors held 6 meetings in person and 3 by teleconference. Gerry Edwards resigned from the Board in June of 2001 as he relocated out of the Province. In January of 2002, Wilson Olive and Grant Scharfstein resigned as directors. We thank them and the remainder of the directors for their dedicated contribution to the Board. Lloyd Boutilier and Roland ("Rollie") Hardy were appointed to the Board of Directors in February of 2002, and Joanne Forer was elected Chair.



Joanne Forer
Chair



Gary K. Benson
President

Peterus Navigation Systems Inc.

FarmGric Organic Foods Inc.

Flatland Exploration Ltd.

The following are company profiles of investments held by SGGF V during 2001, including the approved investment level and a brief description of each company's operations.

INVESTMENT PROFILES

FarmGro Organic Foods Inc.
$1,250,000 Loan

FarmGro Organic Foods, located outside Regina, Saskatchewan, is an organic flour milling, cleaning and bagging facility for organic grains, specialty crops and seeds.

Flatland Exploration Ltd.
$1,250,000 Loan

Flatland Exploration is a Regina-based company involved in the exploration, development and production of oil and natural gas.

Herc Oil Corporation
$1,500,000 Common shares

Herc Oil Corporation, headquartered in Regina, Saskatchewan, operates in the southeast part of the province and is engaged in the exploration for and development of crude oil producing properties. SGGF converted its debt position into common shares in 2000. In 2001 the company was sold and SGGF was able to realize a significant gain on its holdings.

Master Manufacturing
$750,000 Loans

Master Manufacturing, located in Moose Jaw, Saskatchewan, manufactures a broad range of pre-engineered all-steel buildings and building components.

Parkland Strawboard (1998) Inc.
$750,000 Loan

Parkland Strawboard manufactures strawboard by a process of compressing wheat straw with a resin to create high quality and moisture resistant board used in both the furniture and construction industry. The company is located in Kamsack, Saskatchewan.

Pelorus Navigation Systems Inc.
$500,000 Loan

Pelorus is a Saskatoon-based company that develops advanced airport navigation landing systems using the global positioning system (GPS). It markets its product to airports around the world.

FarmGro Organic Foods Inc.

Flatland Exploration Ltd.

Master Manufacturing

Peragis Inc.

Peloros Navigation Systems Inc.

Peragis Inc.
(formerly Points North Digital Technologies Inc.)
$1,483,750 Common shares

Peragis, located in Saskatoon, Saskatchewan, is a travel technologies company involved in travel information systems development. In addition, its assets include Canada's third largest retail travel agency network. The company's shares trade on the Canadian Venture Exchange. In January 2001 trading in the company's shares was halted and SGGF wrote off its investment in Peragis during the year.

CAJON Leasing
$4,100,000 Loans

CAJON is located in Regina, Saskatchewan and purchases vehicles for lease to Saskatchewan Crown corporations.

R & R Leasing
$9,000,000 Loans

This Saskatoon, Saskatchewan-based entity purchases buildings and equipment for lease to Saskatchewan Crown corporations and private enterprises.

MANAGEMENT DISCUSSION AND ANALYSIS

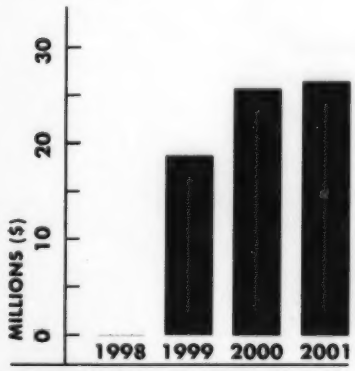
The accumulated surplus in SGGF V decreased $604,000 over 2000 due primarily to provisions for investment losses and additional payments made to investors. During the year $749,000 of investments and costs were written off.

In 2001 the continued focus of the fund was on two main areas: attracting the full subscription amount from the remaining subscribers to the fund and investment of this capital in eligible Saskatchewan businesses.

The Immigrant Investor Program contains provisions which require that the five year term to maturity of a Note be extended if, and for so long as, a minimum of 70% of the note subscription deposit ceases to be invested in the active business operations of eligible businesses. Because of delays in finding suitable investments, the fund decided that those investors' affected will receive an additional payment as compensation for the initial extension of the maturity date of their Notes.

A variable rate escrow and Note interest structure is used in order to facilitate continued financing of investor subscriptions. An investor's escrow and Note interest rate is determined at the time of full subscription and remains constant over the term of his/her investment.

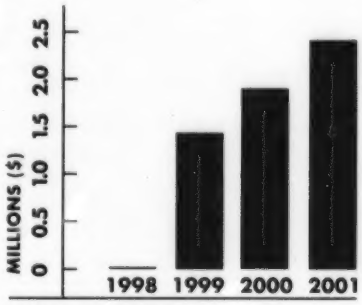
The investment policy of the fund is to invest up to 50% of the subscription proceeds raised in low risk infrastructure loans, up to 30% in small and medium-sized enterprises (SMEs) in Saskatchewan and the remainder in cash or low risk liquid investments. The targeted ratio for the SME investments is 60% invested in debt instruments and 40% in equity.



OBLIGATIONS TO INVESTORS

Investment Activities

In 2001, a total of $4.0 million was approved for investment in one new business and one follow-on investment in a company already in the portfolio. In 2000, $11.6 million was approved for investment in three new businesses and one follow-on investment. To date, $21 million of investment has been approved of which $13.1 million relates to low risk infrastructure loans.

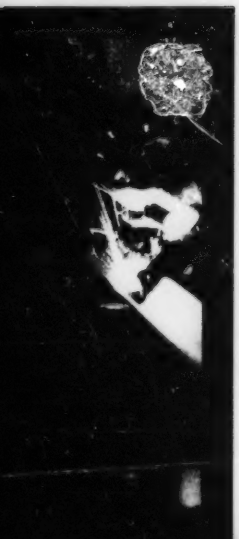


TOTAL REVENUE

During the year $4.2 million, including 2001 approvals and funds committed in 2000, was invested in eligible businesses. This was comprised of $1.5 million (36%) invested in SMEs and $2.7 million (64%) in low risk infrastructure loans. In 2000, of the $12.3 million invested, $2.1 million (17%) was invested in SMEs and $10.2 million (83%) in low risk infrastructure loans.

To December 31, 2001 a total of $20.3 million of investment has been made. This is made up of $12.9 million of low-risk infrastructure loans, $4.8 million of SME debt investments and $2.6 million of SME equity investments.

Income from investments of $1.9 million in 2001 is up $1.0 million over 2000. This reflects the higher level of investment throughout most of 2001 compared to 2000. In December 2001 an investment valued at $9.0 million was repaid in full. Because this repayment was ahead of schedule, SGGF V is actively seeking other investment opportunities for these funds.


Master Manufacturing

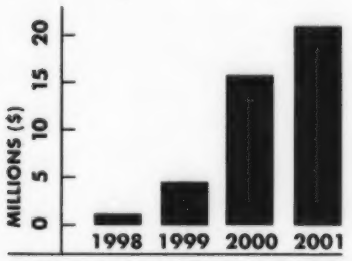
Investor Activities

To December 31, 2001, the fund had received 111 full subscriptions compared to 109 at December 31, 2000. There remain 11 (2000 – 22) additional subscribers yet to complete their subscription requirements. Of the 111 full subscriptions, 106 (2000 – 102) investors had been issued Notes. In 2001 there were 7 visa refusals (2000 – 3) and 2 withdrawals (2000 – 1) from the fund.

A total of 4 Notes were issued in 2001 compared to 27 in 2000. The balance of investors' funds is recorded as subscription deposits pending Note issuance as described in the Confidential Offering Memorandum.

Of the $547,000 increase in interest on obligations to investors over 2000, the additional payments discussed above amounted to $400,000.

In accordance with the terms of the offering documents and amendments for SGGF V, all investors with a Note outstanding at December 31, 2001 were paid Note interest for the year.



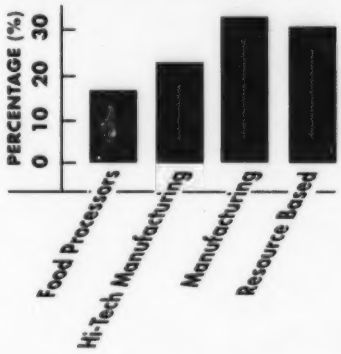
AGGREGATE APPROVED INVESTMENTS

Operating Activities

A portion of the capital raised from investors must be held in liquid investments. There are also excess funds held while awaiting investment in eligible businesses. Interest earned on these funds in 2001 is down from 2000 due to lower cash balances during the year and lower interest rates. These revenues are used to pay for the ongoing operating costs of the fund and to provide investors with a nominal return.

Administration costs reflect expenditures related to the ongoing operations of the fund and its investments. As a percentage of total assets managed, these costs amounted to 1.99% in 2001 and are comparable to 2.20% in 2000.

DISBURSED BY INDUSTRY (SMEs)



Included in administration costs is a $74,000 provision (2000 – $286,000) for future fees payable to the fund manager and investment advisors under the terms of their respective agreements with SGGF V. The advisors' fees are payable upon liquidation of their portfolio under management and upon the achievement of certain performance targets.

The administration and investment advisory services previously provided to SGGF V by SGGF Management Corporation were contracted out to a fund manager in October 2000. The fund manager is paid a monthly fee for its services and will receive a share of the net profits, if any, of the fund after all liabilities of the fund, including investor obligations, have been paid.

Perogis Inc.
Flatland Exploration Ltd.
FarmGro Organic Foods Inc.

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The President and fund manager carry out management of the fund. The accompanying consolidated financial statements of the Saskatchewan Government Growth Fund V (1997) Ltd. have been prepared by management in accordance with Canadian generally accepted accounting principles, and necessarily include some amounts based on informed judgement and estimates of management or the Board of Directors. Financial data presented elsewhere in this annual report is consistent with that in the financial statements.

Deloitte & Touche, the corporation's independent auditors, have examined the financial statements of the corporation. The scope of their examination and their opinion on whether these financial statements present fairly the corporation's financial position and operating results are given in the Auditors' Report.

Ensuring the integrity and objectivity of financial information is an integral part of management's responsibility to the ongoing operation. Management maintains an appropriate system of internal accounting and administrative controls, policies and procedures to provide reasonable assurance that all financial information is relevant, reliable and accurate and that all transactions are authorized, assets are safeguarded and proper records are maintained.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and ultimately responsible for reviewing and approving the financial statements.

On behalf of management.

Gary K. Benson
President

Mike Merth, CA, CMA
Crown Capital Partners Inc.

Pelorus Navigation Systems Inc.

AUDITORS' REPORT

To the Shareholder and Investors of Saskatchewan Government Growth Fund V (1997) Ltd.:

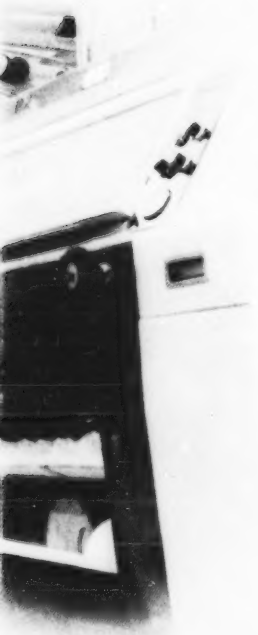
We have audited the Consolidated Statement of Financial Position of Saskatchewan Government Growth Fund V (1997) Ltd. as at December 31, 2001, and the Consolidated Statement of Operations and Retained Earnings and Consolidated Statement of Cash Flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
January 31, 2002



FarmGro Organic Foods Inc

Flotand Exploration Ltd.

Perogis Inc.

CONSOLIDATED FINANCIAL STATEMENTS

Saskatchewan Government Growth Fund V (1997) Ltd.

(Incorporated under The Business Corporations Act of Saskatchewan)
Consolidated Statement of Financial Position
As at December 31

	2001	2000
Assets		
Cash	$ 16,824,858	$ 8,831,003
Portfolio investments (Note 4)	3,500,000	3,500,000
Accounts receivable and accrued income	49,324	218,796
Investments (Note 5)	7,810,261	13,729,251
Equipment on operating leases (Note 6)	-	1,827,941
Deferred costs (Note 7)	1,511,002	1,857,862
	$ 29,695,445	**$ 29,964,853**
Liabilities and Shareholder's Equity		
Accounts payable and accrued liabilities (Note 8)	$ 481,637	$ 411,070
Commissions payable	470,000	480,000
Accrued interest payable to investors	3,915	19,228
Subscription deposits (Note 9)	1,584,591	2,295,333
Obligations to investors (Note 10)	26,500,000	25,500,000
	29,040,143	**28,705,631**
Share capital (Note 11)	1,000	1,000
Retained earnings	654,302	1,258,222
	655,302	**1,259,222**
	$ 29,695,445	**$ 29,964,853**

Commitments (Note 16)

See accompanying notes to the consolidated financial statements

On behalf of the Board:

Director

Director

Saskatchewan Government Growth Fund V (1997) Ltd.

Consolidated Statement of Operations and Retained Earnings
For the Year Ended December 31

	2001	2000
Revenues		
Interest from cash and portfolio investments	$ 525,494	$ 984,560
Income from investments	1,030,134	835,954
Lease revenue	885,165	78,274
Other income	50,646	3,000
	2,491,439	1,901,788
Provision for investment losses	748,781	-
Net revenue	**1,742,658**	**1,901,788**
Expenses		
Administration (Note 13)	594,967	641,446
Interest on subscription deposits	16,021	44,401
Interest on obligations to investors	910,503	364,409
Amortization of equipment on operating leases	443,224	50,726
Amortization of deferred costs	381,863	385,794
	2,346,578	**1,486,776**
Net (loss) income	**(603,920)**	**415,012**
Retained earnings, beginning of year	1,258,222	843,210
Retained earnings, end of year	**$ 654,302**	**$ 1,258,222**

See accompanying notes to the consolidated financial statements

Saskatchewan Government Growth Fund V (1997) Ltd.

Consolidated Statement of Cash Flows
For the Year Ended December 31

	2001	2000
Cash flows from operating activities		
Net (loss) income	$ (603,920)	$ 415,012
Adjustments:		
Amortization of deferred costs	381,863	385,794
Amortization of equipment on operating leases	443,224	50,726
Provision for investment losses	748,781	-
Net change in non-cash balances related to operations (Note 14)	179,726	37,258
Cash flows from operating activities	**1,149,674**	**888,790**
Cash flows from investing activities		
Disbursements on investments	(5,407,917)	(10,300,280)
Repayments from investments	10,578,126	173,633
Purchase of equipment on operating leases	(2,520,868)	(1,878,667)
Sale of equipment on operating leases	3,905,582	-
Cash flows from investing activities	**6,554,923**	**(12,005,314)**
Cash flows from financing activities		
Proceeds from note subscriptions	289,258	1,070,437
Cash flows from financing activities	**289,258**	**1,070,437**
Net increase (decrease) in cash	**7,993,855**	**(10,046,087)**
Cash, beginning of year	8,831,003	18,877,090
Cash, end of year	**$ 16,824,858**	**$ 8,831,003**
Interest paid during the year	$ 993,512	$ 451,554

See accompanying notes to the consolidated financial statements

Master Manufacturing

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Status of the corporation

Saskatchewan Government Growth Fund V (1997) Ltd. ("SGGF V") was incorporated in August 1997 under The Business Corporations Act of Saskatchewan and has been accepted as a government administered venture capital fund under the federal government's Immigrant Investor Program ("IIP"). Under this program, SGGF V was established to raise $35,000,000 through a note offering. Each note is a variable rate (1½% to 3½%), unsecured, subordinated debt instrument with a cost of $250,000, redeemable in five years provided that 70% of the proceeds are maintained in eligible investments. SGGF V commenced commercial operations in 1998 and achieved its minimum offering of 14 investors in December 1998. The marketing period for SGGF V ended on March 31, 1999.

Under the terms of the Confidential Offering Memorandum ("Memorandum"), SGGF V is required to invest in Saskatchewan based businesses which have assets, including associated companies, of less than $35 million.

As stated in the Memorandum, the Government of Canada and the Government of the Province of Saskatchewan offer no guarantees or assurances on the financial performance of SGGF V or of a return of an investor's original investment and neither government will be liable for any loss or damages suffered by an investor as a result of an investment in the debt instruments.

2. Significant accounting policies

The accompanying consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following are considered significant:

Consolidation

The consolidated financial statements include the accounts of SGGF V and those of 617275 Saskatchewan Ltd. ("617275") and 101005716 Saskatchewan Ltd. ("101005716") on a proportionate basis.

617275 and 101005716 are entities jointly controlled by SGGF V and other SGGF fund companies. 617275 and 101005716 were created to be eligible businesses under the guidelines of the IIP. Loans from SGGF V to 617275 and 101005716 were used to purchase infrastructure-related assets that were leased to Saskatchewan Crown corporations under various operating leases. Principal and interest payments due under the loans to 617275 and 101005716 matched the lease payments due under the operating leases.

In December 2001 the equipment on operating lease was sold.

Investments

Investments include debt and equity investments in private and public companies. Investments, other than publicly traded shares, are carried at cost. Income from equity investments is recognized when received and income from debt investments is recognized as earned. The fair value of investments in private companies is not determinable and therefore has not been disclosed.

Investments in shares having quoted market values, and which are traded on a recognized exchange, are recorded at the lower of cost and average closing market price for the last 20 trading days of the year, on an individual basis. Unrealized losses in the value of investments in publicly traded shares are recorded in the Consolidated Statement of Operations and Retained Earnings, in the allowance for unrealized losses.

Investments are reviewed on a regular basis. Where impairment is identified, the exposure is compared to the estimated net realizable value of the security and, if appropriate, a provision established. An investment is considered impaired when there is no longer reasonable assurance of the timely collection of the full amount of principal and income. Income is not accrued for accounting purposes on impaired investments.

There is a clearly demonstrated intention to dispose of the investments in due course. Accordingly, investee companies over which SGGF V has significant influence are not consolidated.

Equipment on operating leases

Equipment on operating leases is recorded at cost. When equipment is disposed of or retired, the related costs and accumulated amortization are eliminated from the accounts. Any resulting gains or losses are reflected in the Consolidated Statement of Operations and Retained Earnings.

Equipment on operating leases is amortized over its estimated useful life on a basis that matches the principal repayments under the related loans.

Deferred costs

Deferred costs include consulting, legal, administrative, accounting, general and printing costs associated with SGGF V's offering. Commissions paid or payable on subscriptions received have also been deferred. Deferred costs, including commissions, are amortized over five years from date of note issuance.

Commissions payable

According to the terms of marketing agreements entered into by SGGF V, a commission is legally payable to the independent marketing agents selling the notes upon receipt by SGGF V of the note subscription deposit and all required documentation. The commission is subject to a holdback pending issuance of the investor's immigrant visa.

Accrued interest payable to investors

SGGF V accrues interest on note subscription deposits from the date of deposit to the date of note issuance. Investors earn interest at a rate between one and one-half percent (1 1/2%) and three and one-half percent (3 1/2%) per annum. The rate is determined at the time of note subscription deposit.

Obligations to investors

Obligations to investors represent the notes issued to investors of SGGF V. Interest on notes is accrued at an annual rate between one and one-half percent (1 1/2%) and three and one-half percent (3 1/2%) from the date of note issuance until maturity. The rate is determined at the time of note subscription deposit. Interest is paid annually on December 31 and at maturity.

3. Provisions of the IIP

70% investment requirement

SGGF V is required to invest at least 70% of each note subscription deposit no later than nine months from receipt of the note subscription deposit.

By June 30, 2002 the fund has committed to its federal regulator, Citizenship and Immigration Canada, to invest at least 70% of each note subscription deposit received prior to October 1, 2001.

Minimum holding period and maturity of the note

The five year term (minimum holding period) of each note will commence on its investment date, being the date when at least 70% of the note subscription deposit is invested in eligible businesses. Each note will mature five years from its investment date, provided SGGF V maintains at least 70% of the note subscription deposit continuously invested in the active business operations of eligible businesses for five years following the investment date. The IIP contains provisions which require that the five year term to maturity of a note be extended if, and for so long as, a minimum of 70% of the note subscription deposit ceases to be invested in the active business operations of eligible businesses.

If the note subscription deposit has not been at least 70% invested within nine months of receipt, then, for the period from nine months after receipt until a minimum of 70% of the deposit is initially invested, the investor will receive an additional payment as compensation for the extended term to maturity of their note.

Flatland Exploration Ltd

Eligible businesses

One criteria of investment is the requirement that SGGF V invest in businesses with total assets of $35 million or less, including associated companies.

4. Portfolio investments

Par ($)	Issuer	Rate (%)	Maturity Date	2001 Cost ($)	2000 Cost ($)
1,500,000	Term Deposit	2.64	6/12/02	1,500,000	1,500,000
2,000,000	Term Deposit	2.64	9/12/02	2,000,000	2,000,000
				$ 3,500,000	$ 3,500,000

5. Investments

	2001	2000
Debt	$ 7,810,261	$ 12,980,470
Equity	-	748,781
	$ 7,810,261	$ 13,729,251

Included in investments are $1,240,235 (2000 – $nil) of impaired investments, upon which income is not accrued. During the year $748,781 (2000 – $nil) of investments and costs have been written off.

Equity investments include publicly traded shares at a cost of $nil (2000 – $748,781), with an aggregate market value of $nil (2000 – $1,162,098).

During the year, investments decreased as follows:

	2001	2000
Balance, beginning of year	$ 13,729,251	$ 3,602,604
New investments	5,407,917	10,300,280
Repayments	(10,578,126)	(173,633)
Investments and costs written off	(748,781)	-
Balance, end of year	$ 7,810,261	$ 13,729,251

6. Equipment on operating leases

	2001	2000
Equipment on operating leases	$ -	$ 1,878,667
Accumulated amortization	-	(50,726)
	$ -	$ 1,827,941

In December 2001, 617275 and 101005716 sold the equipment on operating leases, net of accumulated amortization, to third party entities established for the purpose of being eligible businesses under the IIP guidelines. No gains or losses were realized on the sales and loans were extended to these entities to purchase the equipment.

7. Deferred costs

Deferred costs have been recorded net of accumulated amortization of $831,432 (2000 – $449,569).

8. Accounts payable and accrued liabilities

Included in accrued liabilities is a $254,993 (2000 – $52,701) provision for future fees payable to various investment advisors under the terms of their respective investment services agreements with SGGF V. These amounts are payable to the investment advisors upon liquidation of their portfolio under management and upon achievement of certain performance targets.

Included in accrued liabilities is a $139,080 (2000 – $267,450) provision for future fees payable to the fund manager under the terms of its management services agreement with SGGF V. This amount is based on the retained earnings of SGGF V and payable to the fund manager only upon redemption of all notes and satisfaction of all other liabilities of the fund.

9. Subscription deposits

Subscription deposits are reclassified to obligations to investors upon note issuance.

10. Obligations to investors

Notes – 1½% to 3½% unsecured promissory notes.

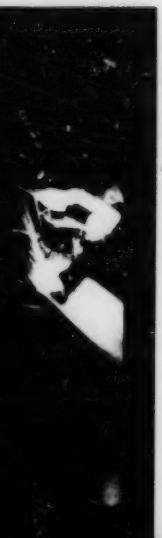
The obligation at December 31 is comprised of:

		2001	2000
92 notes (2000 – 100 notes)	1.50%	$ 23,000,000	$ 25,000,000
2 notes (2000 – 0 notes)	1.75%	500,000	-
1 note (2000 – 0 notes)	1.95%	250,000	-
2 notes (2000 – 0 notes)	2.00%	500,000	-
1 note (2000 – 0 notes)	2.05%	250,000	-
1 note (2000 – 0 notes)	2.20%	250,000	-
2 notes (2000 – 0 notes)	2.40%	500,000	-
2 notes (2000 – 0 notes)	2.45%	500,000	-
3 notes (2000 – 2 notes)	2.60%	750,000	500,000
106 notes (2000 – 102 notes)		$ 26,500,000	$ 25,500,000

At December 31, 2001, SGGF V has not met the 70% investment requirement for a number of notes that have been issued. As a result, the minimum five-year holding period for those investors that hold these notes has been extended.

The following is the estimated redemption schedule for note repayments under the terms of the Memorandum for the year ended December 31:

2004	$ 4,250,000
2005	15,750,000
2006	6,500,000
	$ 26,500,000



Master Manufacturing

11. Share capital

The authorized common share capital of SGGF V at December 31 is:

Class A common shares – an unlimited number of voting common shares. Holders of the Class A common shares are not entitled to receive dividends.

Class B common shares – an unlimited number of voting common shares. Holders of the Class B common shares are entitled to receive dividends.

The issued common share capital at December 31 is:

	2001	2000
1,000 Class A common shares	$ 1,000	$ 1,000

12. Financial instruments

SGGF V's primary business is the raising of capital from immigrant investors and placing these funds in new and expanding Saskatchewan businesses. This entails exposure to market risk, credit risk, interest rate risk and liquidity risk. These risk factors may impact upon SGGF V's ability to repay its obligations to investors at maturity.

Market Risk

Market risk faced by SGGF V is the risk that the fair value of its investments may decline due to a reduction in the anticipated earnings generated by the business in which SGGF V invests. Some of the companies in which SGGF V invests are dependent upon a single product or industry. SGGF V manages these risks through careful due diligence prior to committing funds to the investment and ensuring that the overall portfolio is properly diversified across various industry sectors.

Credit Risk

Credit risk arises from the potential that an investee will fail to perform its obligations. Concentration of credit exposure may arise given that SGGF V restricts its investments to businesses operating in Saskatchewan and therefore all investments are subject to similar economic conditions. The ability of such investees to meet contractual obligations would be similarly affected by changing economic, political or other conditions. SGGF V conducts a thorough due diligence process prior to committing to the investment and actively monitors the financial health of its investees on an on-going basis. In addition, some investees operate in and export to other provinces or international markets thereby mitigating this risk.

Interest Rate Risk

Interest rate risk reflects the risk that SGGF V's earnings will decline due to fluctuations in interest rates. SGGF V manages this risk through careful monitoring and matching the duration of its portfolio investments and investments with its obligations to investors.

Liquidity Risk

Liquidity risk is the risk that SGGF V will encounter difficulty in liquidating its investments at an amount close to fair value at the time it is required to redeem its obligations to investors. Due to the nature of some of SGGF V's investments, the timing of cash flows from its investments may not exactly match with the payments owing under SGGF V's obligations to investors. SGGF V carefully monitors the duration of its investments. However, these timing differences may require SGGF V to reduce or delay the payments owing on its obligations to investors at maturity.

Measurement Uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from the current estimates. These estimates are reviewed quarterly and, as adjustments become necessary, they are reported in the Consolidated Statement of Operations and Retained Earnings in the period in which they become known.

Fair Value – Investments

There is no active secondary market for many of the investments in which SGGF V invests, and the uncertainty and potentially broad range of outcomes pertaining to the future cash flows from these investments renders the calculation of a fair value with appropriate reliability impractical. The factors that impact the fair value are described above.

Fair Value – Obligations to Investors

Obligations to investors represent the capital invested by immigrant investors in SGGF V. In addition to earning a nominal return on their capital, their investment in SGGF V helps satisfy a portion of their visa requirements under the IIP. Each investment in SGGF V is irrevocable, except in the case of a visa refusal, for a minimum period of five years. Therefore, no secondary market for the obligations exists. Due to the unique features associated with obligations to investors, the calculation of a fair value with appropriate reliability is impractical. The risk factors that impact the fair value of investments, as described above, will also affect the fair value of obligations to investors. Repayment of these obligations at maturity is dependent upon the value and liquidity of investments at that time.

13. Administration

Under the terms of a ten year Management Agreement, expiring in 2008, between SGGF V and Saskatchewan Government Growth Fund Management Corporation ("SGGF Management Corporation"), SGGF Management Corporation administers the assets of SGGF V with the assistance of various investment advisors and a fund manager to perform fund administration and due diligence, monitoring and liquidation of investments. SGGF Management Corporation does not guarantee the financial performance of SGGF V. All services provided to SGGF V are charged on a fee for service basis. The breakdown of costs is as follows:

	2001	2000
Investment advisors	$ 202,292	$ 57,499
Fund manager fees	480,007	120,495
Fund manager profit share	(128,370)	267,450
Salaries and benefits	-	113,138
General administration	17,774	49,618
Directors fees and expenses	8,763	8,211
Legal and professional	14,501	25,035
	$ 594,967	$ 641,446

Included in investment advisors is a $202,292 (2000 – $18,306) provision for future fees payable to an investment advisor under the terms of its investment services agreement with SGGF V. This amount is payable to the investment advisor upon liquidation of its portfolio under management and upon achievement of certain performance targets.

Fund manager profit share is a (recovery of) provision for future fees payable to the fund manager under the terms of its management services agreement with SGGF V. This amount is based on the retained earnings of SGGF V and payable to the fund manager only upon redemption of all notes and satisfaction of all other liabilities of the fund.

14. Net change in non-cash balances related to operations

	2001	2000
Accounts receivable and accrued income	$ 169,472	$ (108,555)
Deferred costs	(35,000)	(107,500)
Accounts payable and accrued liabilities	70,567	313,558
Commissions payable	(10,000)	(17,500)
Accrued interest payable to investors	(15,313)	(42,745)
	$ 179,726	$ 37,258

FarmGro Organic Foods Inc.

15. Income taxes

Greater than 90% of the issued shares of SGGF V are owned by a provincial Crown corporation. Therefore, SGGF V is income tax exempt.

16. Commitments

The total of investments approved by the Board of Directors but not yet disbursed is $714,361 (2000 – $5,000).

17. Related party transactions

Included in these consolidated financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan government controlled departments, agencies and corporations with which SGGF V is related. Account balances resulting from these transactions are included in the Statement of Financial Position and are settled on normal trade terms.

As stated in Note 13, SGGF V is under a ten year Management Agreement with SGGF Management Corporation. Total fees paid or payable to SGGF Management Corporation during the year amounted to $392,675 (2000 – $623,140).

Other transactions with related parties are disclosed separately in the financial statements and notes thereto.

18. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

armGro Organic Foods Inc.

Maple Manufacturing

Perogis Inc.

HISTORICAL COMPARISON

Saskatchewan Government Growth Fund V (1997) Ltd.

Historical Comparison
(in thousands of dollars)

Financial Position

As at December 31

	2001	2000	1999	1998
Assets				
Cash	$ 16,825	8,831	18,877	9,318
Portfolio investments	3,500	3,500	3,500	
Investments	7,810	15,557	3,603	-
Other assets	1,560	2,077	2,246	580
Total assets	$ 29,695	29,965	28,226	9,898
Liabilities & Equity				
Obligations to investors	$ 28,089	27,815	26,787	9,524
Other liabilities	951	891	595	345
Equity	655	1,259	844	29
Total liabilities & equity	$ 29,695	29,965	28,226	9,898

Operating Results

For the years ended December 31

	2001	2000	1999	1998
Revenues				
Investment income	$ 1,030	836	267	-
Lease revenue	885	78	-	-
Interest from cash and portfolio investments	525	985	1,018	32
Other income	52	3	148	-
	2,492	1,902	1,433	32
Provision for losses on investments	749	-	-	-
Net revenue	1,743	1,902	1,433	32
Expenses				
Administration	595	641	233	1
Financing	1,752	846	385	3
Total expenses	2,347	1,487	618	4
Net (loss) income	$ (604)	415	815	28

Pelorus Navigation Systems Inc.

CORPORATE DATA (as at December 31, 2001)

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Keith Rissling
Businessman
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Grant Scharfstein
Lawyer
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Gary Benson, President

Fund Manager

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Brian Johnson, Managing Partner
Gary Benson, Partner Responsible for SGGF
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